

35 U.S.T. 1191

TURKEY

Economic Assistance: Economic and Financial Support

TIAS 10725

35 U.S.T. 1191

April 22, 1983; September 30, 1983, Date-Signed

April 22, 1983; September 30, 1983, Date-In-Force

STATUS:

[*1] Agreement signed at Ankara April 22, 1983;
Entered into force April 22, 1983.
And amending agreement
Signed at Ankara September 30, 1983;
Entered into force September 30, 1983.

LOAN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF TURKEY

TEXT:

Agreement, dated the 22nd day of April, 1983 between the Government of the Republic of Turkey ("Turkey") and the United States of America acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties".

WHEREAS, the Government of the Republic of Turkey has undertaken a vigorous program of economic reforms to stabilize its economy, and

WHEREAS, the Government of the United States, acting through the Agency for International Development, is desirous of supporting these efforts,

NOW THEREFORE, The Parties hereto agree as follows:

ARTICLE I

THE LOAN

A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend Turkey, under the terms of this Agreement, not to exceed FORTY FIVE MILLION United States dollars (\$ 45,000,000) (The "Loan") for balance-of-payments financing to support and promote the financial stability and economic recovery of Turkey. The aggregate [*2] amount of disbursements under the Loan is referred to as "Principal".

ARTICLE II

LOAN TERMS

SECTION 2.1 INTEREST

Turkey will pay to A.I.D. Interest which shall accrue at the rate of five percent (5%) per annum following the date of the first disbursement hereunder on the outstanding balance of Principal and on any due and unpaid Interest. Interest on the outstanding balance will accrue from the date (as defined in Section 4.2) of each respective disbursement, and will be payable semi-annually. The first payment of Interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.2 REPAYMENT

Turkey will repay to A.I.D. the Principal within twenty (20) years from the date of first disbursement of the Loan in thirty-one (31) approximately equal semi-annual installments of Principal and Interest. The first installment of Principal will be payable four and one-half (4 1/2) years after the date on which the first Interest payment is due in accordance with Section 2.1. A.I.D. will provide Turkey with an amortization schedule in accordance with this Section after the final disbursement under the Loan. [*3]

SECTION 2.3 APPLICATION, CURRENCY AND PLACE OF PAYMENT

All payments of Interest and Principal hereunder will be made in U.S. dollars and will be applied first to the payment of Interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A. and will be deemed made when received by the Office of Financial Management.

SECTION 2.4 PREPAYMENT

Upon payment of all Interest due, Turkey may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.5 TERMINATION ON FULL PAYMENT

Upon payment in full of the Principal and any accrued Interest, this Agreement and all obligations of Turkey and A.I.D. under it will cease.

SECTION 2.6 EVENTS OF DEFAULT ACCELERATION

It will be an "Event of Default" if Turkey shall have failed:

- (a) To pay when due any Interest or installment of Principal required under this Agreement, or
- (b) To comply with any [*4] other provision of this Agreement, or
- (c) To pay when due any Interest or installment of Principal or other payment required under any other loan, guaranty or other agreement, between Turkey or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may give Turkey notice

that all or any part of the unpaid Principal will be due and payable sixty (60) days thereafter, and unless such Event of Default is cured within that time, such unrepaid Principal and accrued Interest hereunder will be due and payable immediately.

SECTION 2.7 CONTINUED EFFECTIVENESS OF AGREEMENT

Notwithstanding any acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued Interest hereunder.

ARTICLE III

CONDITIONS PRECEDENT TO DISBURSEMENT

SECTION 3.1 DISBURSEMENT

Prior to disbursement under the Loan, Turkey will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion of the Chief Legal Advisor of the Ministry of Finance, that this Agreement has been duly authorized, and/or ratified by, [*5] and executed on behalf of Turkey, and that it constitutes a valid legally binding obligation of Turkey in accordance with all of its terms; and
- (b) A statement of the name of the person holding or acting in the office specified in Section 6.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 3.2 NOTIFICATION

When A.I.D. has determined that the conditions precedent specified in Section 3.1 have been met, it will promptly notify Turkey.

SECTION 3.3 TERMINAL DATE FOR CONDITIONS PRECEDENT

If all the conditions specified in Section 3.1 have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D. at its option may terminate this Agreement by written notice to Turkey.

ARTICLE IV

DISBURSEMENT

SECTION 4.1 DEPOSIT OF DISBURSEMENTS

After satisfaction of the conditions precedent, at the written request of Turkey, A.I.D. will deposit the proceeds of the Loan in the bank or banks in the United States designated in writing by Turkey.

SECTION 4.2 DATE OF DISBURSEMENT

Disbursement by A.I.D. will be deemed to occur on the date(s) the [*6] proceeds of the Loan are deposited by A.I.D. in (are disbursed by A.I.D. to) the bank or banks designated pursuant to Section

4.1.

SECTION 4.3 TERMINAL DATE FOR REQUESTING DISBURSEMENT

Except as A.I.D. may otherwise agree in writing, the terminal date for requesting disbursement of the Loan proceeds shall be six (6) months from the date of this agreement.

ARTICLE V

PURPOSES OF FUNDS

SECTION 5.1

Turkey agrees that the Loan will be used for balance-of-payments financing and will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 COMMUNICATIONS

Turkey undertakes to provide to A.I.D. such information relating to the economic and financial situations and related problems of Turkey as reasonably may be requested in writing by A.I.D. Any notice, request, documents, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To Turkey: Ministry of Finance

Government of the

Republic of Turkey

Ankara, [*7] Turkey

To A.I.D.: Director

Office of Project Development

Near East Bureau

A.I.D.

Washington, D.C. 20523

All such communications will be in English, unless the Parties otherwise agree in writing; other

addresses may be substituted for the above upon the giving of notice. Turkey, in addition, will provide the U.S. Embassy in Ankara with a copy of each communication sent to A.I.D.

SECTION 6.2 REPRESENTATIVES

For all purposes relevant to this Agreement, Turkey will be represented by the individual holding or acting in the Office of Minister of Finance and A.I.D. will be represented by the U.S. Ambassador, each of whom, by written notice, may designate additional representatives.

The names of the representatives of Turkey, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized an instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

IN WITNESS WHEREOF, the Republic of Turkey and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered, as of the day and year first [*8] above written.

[AMENDING AGREEMENT]

LOAN AGREEMENT AMENDMENT BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY

Amendment, dated the 30th day of September, 1983, between The Government of the Republic of Turkey ("Turkey") and The United States of America, acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties".

Whereas, the Parties have heretofore entered into an Assistance Agreement dated April 22, 1983 (the "Agreement"), pursuant to which A.I.D. agreed to loan Turkey forty five million United States Dollars (\$ 45,000,000), and

Whereas, the Parties intend to increase the amount of such assistance subject to the same loan terms and conditions as are provided in the Agreement,

Now, therefore, the Parties hereto agree that the Agreement shall be and hereby is amended by making the following change:

The provision in Article I, "forty five million United States Dollars (\$ 45,000,000)", is deleted and substituted therefore is the provision "eighty five million United States Dollars (\$ 85,000,000)".

Except as specifically amended hereby, the Agreement shall remain in full force and effect.

[*9]

In witness whereof, the Government of the Republic of Turkey and the Government of the United States of America, each acting through its respective duly authorized representative, have caused this amendment to be signed in their names and delivered as of the day and year first above written.

SIGNATORIES:

FOR THE UNITED STATES OF AMERICA

Robert Strausz-Hupe

Ambassador

FOR THE REPUBLIC OF TURKEY

Adnan Baser Kafaoglu

Minister of Finance

FOR THE UNITED STATES OF AMERICA:

Frank H. Perez

Charge d'Affaire, a.i.

FOR THE REPUBLIC OF TURKEY:

Ertugrul Kumcuoglu

Undersecretary

Ministry of Finance